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COUNCIL ON WAGE AND PRICE STABILITY

Charles Schultze, chairman of the Council of Economic Advisors, has been named by President Carter, as chairman of the Council on Wage and Price Stability, effective 11/12/80. Mr. Schultze replaces Alfred Kahn, who resigned 11/7/80. The

FEDERAL ENERGY REGULATOTY COMMISSION

The filing of Annual Report for Electric Utilities, Licensees and Others (Class A and Class B), through FPC form No. 1, has been suspended until further notice by the Commission (see the 11/12/80 Fed. Reg., p. 74715). The current filing requirements are under Commission review and a rulemaking proceeding to revise these requirements is anticipated in the near future. Therefore, the filings are suspended until the Commission review is completed. For additional information contact Ellen Brown at 202/357-8182.

LABOR, DEPARTMENT OF

The Labor Department, relying on audits to prevent unauthorized expenditures, has fallen far short of its goal of auditing all organizations receiving Comprehensive Employment and Training Act (CETA) programs every two years according to a recent GAO report, More and Better Audits Needed of CETA Grant Recipients. The GAO's review, covering the period between 7/74 and 10/78, found that over $26 billion in Federal funds was spent by approximately 460 grantees, called prime sponsors. As of 3/31/80, some sponsors had not yet been audited even once. The GAO found that not only had fewer than half the required audits of CETA funds been performed, but that the audits did not always conform to the Comptroller General's required audit standards. According to the DOL, the difficulty in controlling the whole audit process stems largely from a shortage of staff and a lack of commitment to the audit process. GAO recommends the Secretary: determine the amount of resources necessary to perform needed audits as soon as it becomes clear what audits the Department will be responsible for under the single audit concept; institute more comprehensive quality assurance procedures to ensure that all CETA audits meet required audit standards; and, increase the surveillance over prime sponsor audits. Copies of the report may be obtained by contacting the GAO at 202/275-6241 and requesting document FGMSD-81-1.

The Labor Department will hold two public hearings on proposed regulations relating to individual benefit reporting and recordkeeping under the Employee Retirement Income Security Act of 1974. One hearing will be held 12/4/80, on reports and record maintenance for certain multiple employer pension plans. For additional information contact Mary O. Lin at 202/523-9595. Another hearing, scheduled on 11/25/80, will cover similar requirements applicable to single employer plans. Individuals interested in making oral comments must submit a written request and an outline by 3 p.m., 11/21/80 to the Office of Reporting and Plan Standards, Pension and Welfare Benefit Programs, Labor Department, Room N-4508, Washington, D.C. 20216, Att: Single Employer Individual Benefit Reporting and Recordkeeping Hearing. Written comments should be sent to the same address.

NATIONAL CREDIT UNION ADMINISTRATION

Premiums or gifts given by Federal credit unions for the purpose of encouraging new accounts or adding to existing accounts, would be considered a promotional or advertising expense and not a dividend, under a proposed rule by the National Credit Union Administration (see the 11/14/80 Fed. Reg., pp. 75224-5). Comments must be received by 12/10/80. For additional information contact James Engel at 202/357-1030.

SECURITIES AND EXCHANGE COMMISSION

An interim notice of sales form will be used by issuers that sell their securities in reliance upon new section 4(6) of the Securities Act of 1933, according to a recent SEC notice (see the 11/14/80 Fed. Reg., pp. 75182-91). Section 4(6) provides an exemption from registration under the 1933 Act for offers and sales of securities by any issuer solely to one or more "accredited investors" if the aggregate offering price does not exceed the amount allowed under section 3(b) of the Act. No advertising or public solicitation is allowed in connection with such transactions and the issuer is required to file a notice with the Commission of such a sale. In order to permit issuers to immediately utilize section 4(6), the Commission is adopting the interim form and seeking comment with respect to the form and content of final notice. Section 4(6) was included in the Securities Act of 1933 pursuant to the recently enacted Small Business Investment Incentive Act of 1980. Comments are requested by 12/31/80. For additional information contact Paula Chester at 202/272-2644.

Increased disclosure of remuneration for certain top-level executives of most publicly-held corporations, will be required for filings after 1/1/81 as a result of an SEC decision reached on 11/13/80. In general, the increased reporting would apply to the five highest paid executives of a corporation, if they earn at least $50,000 and if they make policy that affects the entire entity. The SEC will issue an 84-page release shortly focusing on certain deferred compensation arrangements which are tied to the value of the corporation's stock, to include stock option plans.

TREASURY, DEPARTMENT OF

Four revenue rulings, dealing with tax shelters and the continuing IRS effort to curb "abuses" in that area, were issued for release and will appear in the Internal Revenue Bulletin No. 1980-48, dated 12/1/80. The rulings deal with: assignment of an employee's "lifetime services" to a trust; tax consequences to a corporation and its executives when the corporation "leases" suits for its executives; tax consequences to a limited partner who transfers a partnership interest to a corporation in a transaction qualifying under section 351 of the IRC; and whether certain documentation provided by a taxpayer is sufficient to substantiate a loss deduction for investments with a foreign investment firm located in a foreign country. The weekly Internal Revenue Bulletin is available from the U.S. Government Printing Office, Washington, D.C., either on a subscription basis or at a cost of $1 per issue.

Proposed regulations relating to the limitations on the foreign tax credit with respect to taxes paid on foreign oil related incomes have recently been issued by the IRS. Changes to the tax law were made by the Tax Reduction Act of 1975, the Tax Reform Act of 1976, and the Revenue Act of 1978. These regulations will provide the public with the guidance needed to comply with these Acts and will affect all taxpayers claiming a foreign tax credit for taxes paid with respect to foreign oil related income. Comments and requests for a public hearing are requested by 1/16/81. The amendments are proposed to be effective for taxable years ending after 12/31/74. For additional information contact Donald Duffy at 202/566-4336.

Temporary and proposed regulations under IRC section 901 and 903 setting forth requirements for the creditability of foreign taxes against a person's U.S. income tax liability were recently issued by the IRS. The new rules explain the standards under which payments by U.S. taxpayers to foreign countries may be credited against U.S. tax liability and apply to taxable years ending after 6/15/79, unless the taxpayer elects to apply the rules to years ending on or before that date. Section 901 allows a credit for "the amount of any income, war profits and excess profits taxes paid or accrued during the taxable year to any foreign country or any possession of the U.S." Section 903 provides that the term "income, war profits and excess profits taxes" include a payment paid in lieu of a tax on such items. Assistant Treasury Secretary Donald Lubick said the new regulations which include approximately 72 examples "go a long way" to solving several of the problems and clarifying the ambiguities raised in comments to the 6/79 proposals on this subject. Comments will be accepted for 60 days from the publication of the proposal in the Federal Register which should occur during the week of 11/17/80. For additional information contact Daniel Horowitz at 202/566-3289.

For additional information, please call
Jim Kovakas, Gina Rosasco, Nick Nichols or Kathee Baker
at 202/872-8190.

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American Institute of Certified Public Accountants
1620 Eye Street, N.W., Washington, D.C. 20006

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